



WEEKLY GRAIN COMMENTARY

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Grain trade was exceptionally volatile with wheat leading the charge higher. Chicago December wheat was up 67 cents, Kansas City wheat is up almost 40 cents and Minneapolis wheat is up almost 50 cents. A very tight old crop domestic and global situation exists, but production prospects for 2007 look good. On the monthly USDA report seen this morning the U.S. balance sheet was supportive with a 25 million bushel increase in exports bringing the carryover down to 418 versus an average trade guess of 437 million bushels. World wheat ending stocks dropped to 119 million tons versus 126 last month. The Australian production dropped to 11 million tons versus 19.5 last month which is supportive. Corn trade has remained firm due to spill over support from the wheat and strong basis levels. Corn is up 13 cents after three days of trade and has been up over 20 cents - moving to new contract highs on nearby contracts. Technically this opens the door for higher prices and the USDA report opened the door for higher prices this morning. The October USDA yield number came in at 153.5 bushels per acre which was down 1.7 from the average trade guess and down just over a bushel from last month. The production number was at 10.9 billion down over 200 million from the average trade guess. This was a significant decrease in production for this year. The carryover was down to 996 million, 224 million down from the last report and over 200 lower than the average trade guess. A carryover number below 1 billion is psychologically bullish. The USDA expected farm price range jumped to \$2.40 to \$2.80 versus \$2.15 to \$2.55 last month. The global carryover was reduced to 89.54 million tons versus 92.3 million last month and 124.55 last year. In my mind a fair price range for nearby futures should now be \$2.80 to \$3.20. The soybean market started to show a little bullish life late last week into Monday due to short covering and spill over support from the corn and wheat. Heading into Thursday the November soybeans are lightly down on the week, but sitting around a quarter above the contract lows. The October USDA soybean yield came in at 42.8, up 1 bushel from last month, but down .6 from the average trade guess. Most are expecting the yield to still come up to the 43.5 to 44 bushel area next month on the report, but the USDA did increase the harvested acreage by 600 million acres, which should keep the final yield below 44. The crop size was listed at 3.189 billion which was only 21 million below the average trade guess. The carryover came in at 555 million versus 530 last month. Upside in beans will rely on spill over support from the corn and wheat markets.

Rain showers and mild temperatures resulted in 4.6 days suitable for field work for the week ending October 8, 2006. Wet fields toward the end of the week slowed harvest for soybeans, alfalfa hay, and other hay. Soybean harvest increased to 14 percent complete, 5 percent above last week and 2 percent above the five-year average. Approximately 98 percent of the corn crop has matured their and 63 percent has been harvested for grain. The 4th cutting of Alfalfa hay increased 2 percent from last week to 69 percent complete. The 4th cutting of other hay was 43 percent complete compared with 55 percent last year and 58 percent for the five-year average. Pasture was rated in mostly fair to good condition while hay supplies were rated mostly adequate.

| CASH GRAINS – REGIONAL – (\$/bu) DEALERS AVERAGE CASH QUOTES | | | | | | | | | |
|--|-------------------|---------------------|--------------------|--------|---------------------|---------------------------------------|-----------|--------|--|
| Grade and Commodity | #2 Y Shelled Corn | | #2 Yellow Soybeans | | #2 Red Winter Wheat | | #3 Barley | | |
| Date | 10/04 | 10/11 | 10/04 | 10/11 | 10/04 | 10/11 | 10/04 | 10/11 | |
| Western, MD | 2.55 | 2.65 | 4.99 | 5.00 | 3.55 | 4.05 | 1.55 | 1.55 | |
| Central, MD | 2.57 | 2.68 | 4.78 | 4.96 | 3.70 | 4.41 | ---- | ---- | |
| Southern, MD | 2.44 | 2.56 | 5.03 | 5.21 | ---- | ---- | ---- | ---- | |
| Upper E. Shore | 2.59 | 2.59 | 5.16 | 5.34 | 3.45 | 4.06 | ---- | ---- | |
| Lower E. Shore | 2.66 | 2.71 | 5.28 | 5.48 | 3.44 | 4.04 | 1.55 | 1.55 | |
| Soybean Meal | | Lower Eastern Shore | | | | Dealer's Average Cash Quotes (\$/ton) | | | |
| Date | 10/04 | | 10/11 | | Date | | 10/04 | | |
| 48% Soybean Meal | | 212.00 | | 207.00 | | 44% Soybean Meal | | 200.00 | |
| | | | | | | | | 195.00 | |

| FORWARD CONTRACT PRICE – REGIONAL (\$/bu) for Harvest Delivery Dealer's Avg. Quotes | | | | | | | | |
|---|-------------------|-------|--------------------|-------|---------------------|-------|-----------|-------|
| Grade and Commodity | #2 Y Shelled Corn | | #2 Yellow Soybeans | | #2 Red Winter Wheat | | #3 Barley | |
| Date | 10/04 | 10/11 | 10/04 | 10/11 | 10/04 | 10/11 | 10/04 | 10/11 |
| Western MD | ---- | ---- | ---- | ---- | ---- | ---- | ---- | ---- |
| Central MD | 2.54 | 2.66 | 4.93 | 4.50 | 4.24 | 4.05 | ---- | ---- |
| Southern MD | ---- | ---- | ---- | ---- | 3.99 | 3.90 | 1.55 | 1.55 |
| Upper E Shore | ---- | ---- | ---- | ---- | 4.03 | 3.94 | 1.55 | 1.55 |
| Lower E Shore | 2.71 | 2.91 | 5.22 | ---- | 4.01 | 3.93 | 1.68 | 1.68 |

| GRAIN FUTURES – Chicago Board of Trade (Cents & Quarter – cents/bushel) Settle – October 11, 2006 | | | | | | | |
|--|-------|-----------------|-------|--------------|-------|----------------------------------|-------|
| Corn | | Soybeans | | Wheat | | Soybean Meal ¹ | |
| 06Dec | 284'0 | 06Nov | 562'2 | 06Dec | 531'0 | 06Oct | 166'0 |
| 07Mar | 294'0 | 07Jan | 577'0 | 07Mar | 544'4 | 06Dec | 167'2 |
| 07May | 299'6 | 07Mar | 587'4 | 07May | 528'4 | 07Jan | 168'3 |
| 07Jul | 304'4 | 07May | 595'0 | 07Jul | 444'0 | 07Mar | 171'2 |
| 07Sep | 304'2 | 07Jul | 604'6 | 07Sep | 449'0 | 07May | 173'0 |
| 07Dec | 309'0 | 07Aug | 609'0 | 07Dec | 463'4 | 07Jul | 175'1 |

1/ Price Unit: Dollars and cents/ton (100 tons (2,000 lbs/ton))

HAY AND STRAW

New Holland, PA - \$/ton – October 9, 2006

| Alfalfa | Mixed Hay | Timothy | Orchard grass | Straw |
|----------------|------------------|----------------|----------------------|--------------|
| 120.00-205.00 | 90.00-305.00 | 80.00-240.00 | 115.00-205.00 | 97.00-195.00 |

Westminster, MD - \$/bale – October 10, 2006

| Alfalfa | Alfalfa Mix | Timothy | Timothy Mix | Grass Mix | Straw |
|----------------|--------------------|----------------|--------------------|------------------|--------------|
| 1.00-2.90 | 3.10-3.60 | 2.90-6.10 | 1.50-3.90 | 1.00-5.30 | 1.00-2.70 |

| | | | | | | |
|---|-----------------|---------------|---|------------------------------------|----------------|---------------|
| POULTRY | | | | | | |
| Negotiated price for truck lot of ready-to-cook, ice-pack, Grade A Fryers (\$ per CWT) – Week Ending – October 14, 2006 | | | | | | |
| | Current Week | | Week Ago | | Month Ago | Year Ago |
| N.Y. Weighted Avg. | 61.86 | | 61.73 | | 69.60 | 68.39 |
| 12 City Composite | 65.23 | | 64.24 | | 69.32 | 69.48 |
| SHEEP & LAMBS - Westminster, MD - \$/cwt – October 10, 2006 | | | | | | |
| Sheep | 47.50-97.50 | | Lambs | Under 50 lbs | 107.50-112.50 | Feeders |
| Too fat | 28.00-40.00 | | | 50 - 80 lbs | 105.00-117.50 | 65.00-100.00 |
| | | | | 90 - 130 lbs | 100.00-117.50 | |
| TERMINAL MARKETS HOGS – October 11, 2006 | | | DIRECT MARKET HOGS – Westminster, MD – October 10, 2006 | | | |
| Base Price Range | Carcass Basis | Sows (1 -3) | Butcher Hogs | | Sows | |
| a.m. | Base 185 lb Hog | 300 – 449 lbs | #1 215 - 275 lbs | 42.00-45.00 | Lightweights | 31.50 |
| Eastern Corn belt | 55.00-64.28 | 38.73-43.20 | #2 | 35.00-41.00 | Boars | |
| Iowa, Minn | 54.25-64.00 | 37.97-43.99 | Heavyweights | 27.00-42.50 | Heavy Weights | 13.00-14.00 |
| | | | | | Lightweights | 18.00-20.50 |
| Market Hogs - Millsboro, DE – October 10, 2006 - dollars/cwt 40.00 | | | | | | |
| FEEDER PIGS – (\$/CWT) – | | | | | | |
| Gumboro, DE October 10, 2006 | | | | New Holland, PA | | |
| Head: 145 | | | | Head | | Trend: |
| Under 30 lbs | 131.00-150.00 | 50 - 59 lbs | 60.00-80.00 | Not Available | | |
| 30 - 39 lbs | 101.00-121.00 | 60 - 69 lbs | 90.00-90.00 | | | |
| 40 - 49 lbs | 100.00-109.00 | | | | | |
| Chicago Mercantile Exchange \$/cwt) – October 11, 2006 | | | | | | |
| CATTLE –LIVE FUTURES | | | | HOGS-LEAN FUTURES | | |
| OCT06 | 88.28 | APR07 | 88.20 | OCT06 | 64.80 | APR07 62.95 |
| DEC06 | 87.03 | JUN07 | 84.68 | DEC06 | 59.25 | MAY07 66.83 |
| FEB07 | 89.18 | AUG 07 | 84.05 | FEB07 | 61.85 | JUN07 68.38 |
| STOCKER – FEEDER CATTLE – (\$/cwt) | | | | | | |
| Winchester, VA – October 9, 2006 | | | | Westminster, MD – October 10, 2006 | | |
| Steers | 200 - 300 lbs | 133.00 | | Steers | 200 - 300 lbs | 106.00-134.00 |
| | 300 - 400 lbs | 125.00-137.00 | | | 400 - 500 lbs | 92.00-110.00 |
| | 400 - 500 lbs | 114.00-132.50 | | | 600 - 700 lbs | 78.00-87.00 |
| | 500 - 600 lbs | 114.50-127.00 | | | 800 - 1000 lbs | 72.00-85.00 |
| | 600 - 700 lbs | 108.00-121.00 | | | | |
| | 700 - 800 lbs | 94.00-104.00 | | Heifers | 200 - 300 lbs | 92.50-107.50 |
| | 900-1100 lbs | 90.00 | | | 400 - 500 lbs | 79.00-97.00 |
| | 300 - 400 lbs | 110.00-130.00 | | | 600 - 700 lbs | 79.00-80.00 |
| | 400 - 500 lbs | 105.00-116.50 | | | 800 - 1000 lbs | 80.00-83.00 |
| | 500 - 600 lbs | 95.00-107.50 | | | | |
| 600 - 700 lbs | 92.00-94.50 | | | | | |
| 700 - 800 lbs | 90.00-94.00 | | | | | |
| SLAUGHTER CATTLE (\$/cwt) | | | | | | |
| Westminster, MD – October 10, 2006 | | | | Fed Heifers | | |
| Sltr. Cows | | | | Choice | 83.00-85.50 | |
| Breakers | 43.50-46.50 | | | Holsteins | 58.00-61.50 | |
| Boners | 39.00-43.00 | | | Hols. Bull Calves #1 | 180.00-200.00 | |
| Thin/Slow | 38.00 & down | | | #2 | 160.00-180.00 | |
| Fed Steers | | | | #3 | 130.00-160.00 | |
| Choice & Prime | 86.00-88.00 | | | Culls | 80.00-127.50 | |
| | | | | Beef Cross | 125.00-150.00 | |
| | | | | Jerseys | 10.00-65.00 | |
| | | | | Holstein Heifers #2 | 370.00-460.00 | |
| Lancaster, New Holland & Vintage – October 12, 2006 | | | | | | |
| Sltr. Heifers: | | | | Hols. Steers: | | |
| H Ch & Pr 2-3 | 1100-1380 lbs | 81.75-84.75 | | H Ch & Pr 2-3 | 1325-1575 lbs | 72.50-75.25 |
| Choice 2-3 | 1410-1455 lbs | 80.00-81.00 | | Choice 2-3 | 1260-1535 lbs | 71.00-73.50 |
| Sel & Lo Ch 1-3 | 1015-1140 lbs | 75.00-75.25 | | Sel & Lo Ch 1-3 | 1250-1475 lbs | 69.75-71.75 |
| Sltr Steers | | | | Sltr. Cows: Percent Lean Bulk | | |
| H Ch & Pr 2-3 | 1220-1495 lbs | 84.75-88.00 | | Premium White | 65 - 75 | 52.75-56.50 |
| YG 4/Full | 1500-1625 lbs | 82.00-85.25 | | Breakers | 75 - 80 | 48.50-52.50 |
| Choice 2-3 | 1120-1470 lbs | 82.75-84.75 | | Boners | 80 - 85 | 44.25-48.50 |
| Sel & Lo Ch 1-3 | 1165-1480 lbs | 78.00-83.75 | | Lean | 88 - 90 | 41.00-44.50 |

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| For more information about this report, call 410-841-5740 | | | |
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